# OPEB: A Pathway Forward

April 20, 2016

# Considerations Based on Input & Feedback

- Develop a "Phased" Plan
- Mitigate Potential Impacts to Current Retirees
- Maintain a Quality Benefit Plan
- Establish a reasonable Funding Schedule utilizing any potential savings generated from OPEB Reform

## Composition of Enrollees

#### MEDICARE PLANS (MEDEX/MBS)

- 65 + Years of Age
- 757 Current Enrollees
  - 432 Medex
  - 325 MBS

#### **NON - MEDICARE PLANS (PPO/HMO)**

- Under 65 Years of Age
- 212 Current Enrollees
  - 59 PPO
  - 153 HMO

Includes 64
 Retirees 65
 years of
 age or
 above

### MEDICARE PLANS (MEDEX/MBS)

### Components of the Plan – Medicare Plans

- 65 + Years of Age
- 757 Current Enrollees
  - 432 Medex
  - 325 MBS

- Merge Medicare Retirees to a single plan (Medex) that provides improved Benefits
  - Town to Continue to Contribute 65% to the cost of providing the benefit throughout the duration of the plan
  - Impact: 57% (432) of current Medex Plan Enrollees will not be impacted by the change and be held "harmless"
  - Impact: 43% (325) of current MBS Plan Enrollees will realize an annual increase of \$809 in exchange for an improved benefit

# Components of the Plan –

PPO/HMO

Plans

#### NON - MEDICARE PLANS (PPO/HMO)

- Under 65 Years of Age
- 212 Current Enrollees
  - 59 PPO
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- Reduce the Town's Contribution to Non-Medicare Retirees' Plans over a 4 Year Phase In Period as follows:
  - Year 1 (FY 2017) 65%
  - Year 2 (FY 2018) 60%
  - Year 3 (FY 2019) 55%
  - Year 4 (FY 2020) 50.01%
  - Impact: All PPO Enrollees (28%) will not be impacted by the change in Year 1

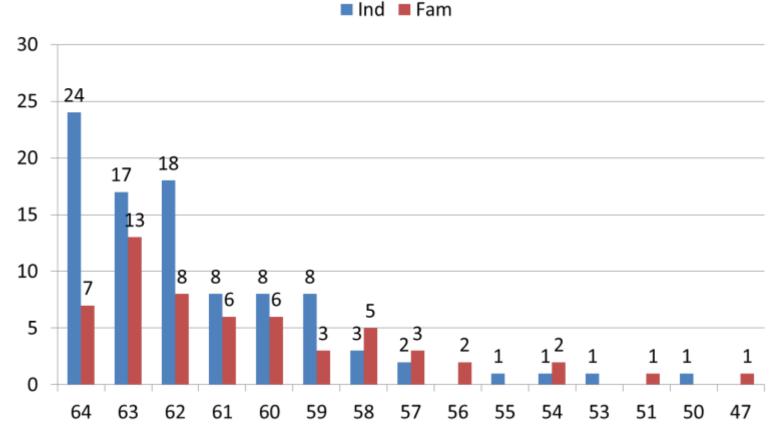
### Impacts – Years 1 & 2

				Town's	Town	Retiree	Retiree	Retiree
	Plan	Total	Annual		Annual Cost	Annual Cost	Annual	Weekly
	Туре	Enrolled	Premiums	Premiums	Aggregate	Per Retiree	Increase \$	Increase \$
Year 1								
MEDICARE PLANS				65.0%				
Medex2 (6 Months)	Medicare	432	\$3,879	65.0%	\$544,678.99	\$1,358	\$0.00	0
Medex2 (6 Months)	Medicare	757	\$3,879	65.0%	\$954,449.07	\$1,358	\$0.00	0
Managed Blue for Seniors (6 Months)	Medicare	325	\$3,802	65.0%	\$401,620.05	\$1,331	\$809.89	\$15.57
NON-MEDICARE PLANS						_	•	
Blue Care Elect Family	PPO	22	\$24,991	65.0%	\$357,367	\$8,747	\$0.00	\$0.00
Blue Care Elect Individual	PPO	37	\$9,325	65.0%	\$224,262	\$3,264	\$0.00	\$0.00
Network Blue Family	НМО	56	\$20,009	65.0%	\$728,338	\$7,003	\$2,381.10	\$45.79
Network Blue Individual	НМО	97	\$7,422	65.0%	\$467,980	\$2 <i>,</i> 598	\$1,195.00	\$22.98
Retirees (OPEB) Total		969			\$3,678,695	-		
Amo	unt to be R	edirected	l to OPEB T	rust Fund	\$504,322			
Year 2								
MEDICARE PLANS				60.0%				
Medex2	Medicare	757	\$3,879	65.0%	\$1,908,898	\$1,358	\$0.00	\$0.00
Managed Blue for Seniors	Medicare	0	\$3,802	65.0%	\$0	\$1,331	\$809.89	\$15.57
NON-MEDICARE PLANS								
Blue Care Elect Family	PPO	22	\$24,991	60.0%	\$329,878	\$9,996	\$1,249.54	\$24.03
Blue Care Elect Individual	PPO	37	\$9,325	60.0%	\$207,011	\$3,730	\$466.24	\$8.97
Network Blue Family	НМО	56	\$20,009	60.0%	\$672,312	\$8,004	\$3,381.57	\$65.03
Network Blue Individual	НМО	97	\$7,422	60.0%	\$431,981	\$2,969	\$1,566.12	\$30.12
Retirees (OPEB) Total		969			\$3,550,080			
Amo	\$632,938							

### Impacts – Years 3 & 4

	Plan	Total	Annual		Town Annual Cost	Retiree Annual Cost	Retiree Annual	Retiree Weekly
	Туре	Enrolled	Premiums	Premiums	Aggregate	Per Retiree	Increase \$ I	ncrease \$
Year 3								
MEDICARE PLANS				55.0%		_		
Medex2	Medicare	757	\$3,879	65.0%	\$1,908,898	\$1,358	\$0.00	\$0
Managed Blue for Seniors	Medicare	0	\$3,802	65.0%	\$0	\$1,331	\$809.89	\$15.57
NON-MEDICARE PLANS								
Blue Care Elect Family	PPO	22	\$24,991	55.0%	\$302,388	\$11,246	\$2,499.07	\$48.06
Blue Care Elect Individual	PPO	37	\$9,325	55.0%	\$189,760	\$4,196	\$932.48	\$17.93
Network Blue Family	НМО	56	\$20,009	55.0%	\$616,286	\$9,004	\$4,382.03	\$84.27
Network Blue Individual	НМО	97	\$7,422	55.0%	\$395,983	\$3,340	\$1,937.24	\$37.25
Retirees (OPEB) Total	I	969			\$3,413,315	_		
Amount to be Redirected to OPEB Trust Fund								
Year 4			_					
MEDICARE PLANS				50.01%		_		
Medex2	Medicare	757	\$3,879	65.0%	\$1,908,898	\$1,358	\$0.00	0
Managed Blue for Seniors	Medicare	0	\$3,802	65.0%	\$0	\$1,331	\$809.89	\$15.57
NON-MEDICARE PLANS								
Blue Care Elect Family	PPO	22	\$24,991	50.01%	\$274,953	\$12,493	\$3,746.11	\$72.04
Blue Care Elect Individual	PPO	37	\$9,325	50.01%	\$172,544	\$4,661	\$1,397.79	\$26.88
Network Blue Family	НМО	56	\$20,009	50.01%	\$560,372	\$10,003	\$5,380.50	\$103.47
Network Blue Individual	НМО	97	\$7,422	50.01%	\$360,056	\$3,710	\$2,307.61	\$44.38
Retirees (OPEB) Tota	l	969			\$3,276,823			
Amo	\$906,194							

# Migration to Medicare Eligibility (65%)



**Current Age of Retirees Enrolled in Non-Medicare Plans** 

• 68% or 101 Current Non-Medicare Retirees will migrate to Medicare Plans over the next 4 Years (Town to Contribute 65%)

### Next Steps

- BoS to discuss and consider voting to:
  - Implement Plan
  - Increase OPEB Funding by appropriating any potential savings
- Future Considerations
  - Collective Bargaining Strategy
  - Discussions with PEC